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PROBABLE DEVELOPMENTS IN PAKISTAN

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PROBABLE DEVELOPMENTS IN PAKISTAN

THE PROBLEM

To estimate probable developments in Pakistan over the next several years with emphasis on its economic prospects and likely political stability.

CONCLUSIONS

1. After more than two years of recurrent crises, political power in Pakistan has been openly assumed by a small group of British-trained administrators and military leaders centering around Governor-General Ghulam Mohammed and his two principal associates, Generals Iskander Mirza and Ayub Khan. The regime favors a strong central government, economic development through austerity measures and foreign aid, and close alignment with the US. (*Paras. 9-14, 21*)
2. We believe that the present regime will remain in power at least through 1955 and probably considerably longer. Its firm control of the armed forces will almost certainly enable it to discourage or if need be defeat any attempt to challenge it, and it is unlikely to allow itself to be ousted by political maneuvering or legal challenges to its authority. Although East Pakistani provincialism will continue to pose serious problems, we do not believe that separatism will become a major threat. (*Paras. 15, 22, 28*)
3. At least for several years, however, the regime will probably be handicapped by a lack of organized political and popular support and even more by the thinness of its top leadership. Moreover, within the ruling group there are differences of view which could become serious. The death of the ailing Ghulam Mohammed — which might come at any time — would probably not lead to the fall of the regime, but it would severely test the ability of Mirza and Ayub to keep their associates in line and their opponents under control, and might compel them to rely more openly on the armed forces. Should Mirza and Ayub in turn be removed from the scene, a many-sided struggle would probably follow. This might give rise to another, basically similar, authoritarian regime or it might result in serious internal disorganization and perhaps a weakening of Pakistan's present alignment with the US. (*Paras. 16, 23-26, 47*)
4. The Communist Party of Pakistan, with an estimated strength of only 1,500-3,000, poses little threat to the government. (*Para. 20*)

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5. Presently programmed US economic assistance will alleviate Pakistan's immediate economic difficulties. In time, given substantial foreign aid and a settlement of the canal dispute with India, Pakistan has fairly good prospects of increasing agricultural production, and possibly of achieving self-sufficiency in the important field of textiles. At best however, Pakistan is unlikely to do much more than keep its head above water and will probably be a recurrent petitioner for economic assistance for a number of years. Cessation of US aid during this period would necessitate substantial readjustments in economic policy, probably including reductions in development and defense expenditures. (Paras. 36-39)

6. Under the present or any similar regime, Pakistan will almost certainly continue to cultivate close ties with the US, if only because of Pakistan's urgent need for US economic assistance and its desire for US military and diplomatic support to strengthen its position against India. Pakistan's present regime will probably cooperate with US efforts in the further development of anti-Communist defense arrangements in both the Middle East and Southeast Asia. It is not likely, however, to commit any more than token forces outside Pakistan territory unless its armed forces are considerably strengthened, its economy improved, and its fear of India greatly reduced. In the event of a general war, Pakistan would recognize that its interests and obliga-

tions lay with the West, but unless directly threatened, it would probably seek specific Western protection before overtly departing from nonbelligerence. (Paras. 40-41, 43, 53)

7. Although a settlement of the Kashmir dispute remains highly improbable, Pakistan's relations with India are unlikely to worsen critically under the present regime. In fact, prospects are reasonably good for an eventual settlement of the canal waters dispute and various lesser controversies. Even if present tensions abate, however, Pakistani-Indian relations will be marred for many years by underlying animosities. (Paras. 44-45)

8. Pakistan has strained its economic resources to build up its military capabilities, primarily for defense against India. However, these capabilities are seriously limited by logistical shortcomings and by deficiencies in equipment and technological skills which would require a long-sustained and costly effort to overcome. We believe that the present leadership would be favorably inclined toward US peacetime development of air bases for US use, but actual agreement to such development, and the extent of the rights which Pakistan would give the US for use of bases, in peace or war, might depend on the regime's current assessment of Indian, Soviet and domestic political reactions, and the extent of US aid and guarantees Pakistan might expect to receive. (Paras. 48, 50-55)

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DISCUSSION

9. The establishment of Pakistan in 1947 as an independent Moslem state of more than 72 million people was accomplished in the face of very great obstacles, including the new state's division into two linguistically and culturally distinct areas separated by about a thousand miles of Indian territory. Lack of a strong economic base, shortage of established administrative facilities and of experienced leaders and administrators, and serious population problems resulting from the sudden influx of over six million Moslem refugees from India have also constituted serious problems for the new state. Despite such difficulties, the Government soon established itself and succeeded to a large degree in coping with its immediate problems.

10. With its longer-term tasks the Government of Pakistan has been less successful. This is owing in part to the greater fundamental difficulty of these tasks and in part to a slackening of Pakistan's initial impetus, the loss of key leaders, and an accompanying decline in the unity and zeal of the dominant Muslim League Party. The death of Mohammed Ali Jinnah in 1948 and the assassination of Liaquat Ali Khan, three years later, deprived Pakistan of its two most commanding figures. This loss and the inevitable weakening of initial enthusiasm, gave freer play to political rivalries, sectarian conflicts, and provincial differences, particularly the profound disparities between West Pakistan and East Pakistan. Although a Constituent Assembly was formed in 1947 to give Pakistan a new constitution, these differences led to seven years of wrangling without any successful outcome. The Muslim League degenerated into a coterie of warring politicians which lacked genuine popular support and was sustained in power mainly by the weakness and disunity of its rivals and the low level of popular political consciousness. Meanwhile, Pakistan has become involved in serious economic difficulties, and popular discontent has increased.

I. PRESENT POLITICAL SITUATION

11. In these circumstances, the real governing power in Pakistan has been assumed dur-

ing the last two years by a small group of British-trained, secular-minded administrators and high military leaders. This ruling group centers around the Governor-General, Ghulam Mohammed. His two principal associates are General Iskander Mirza, a soldier and administrator with long experience in the old Indian Political Service, and General Ayub Khan, Commander in Chief of the army. Alarmed over the growth of corruption, extremist religious influence, and irresponsibility in Pakistan's political life, and convinced that Pakistan's interests require a firm alignment with the West, this group first intervened when economic crisis and religious violence threatened Pakistan's stability in early 1953. The Governor-General, by a liberal interpretation of his constitutional powers, abruptly replaced the inept Prime Minister Nazimuddin with the present incumbent, Mohammed Ali. At the time, Ghulam Mohammed apparently hoped to restore effective Muslim League leadership, thus enabling his group to remain in the background.

12. However, in the East Pakistan provincial elections of March 1954 the Muslim League suffered a crushing defeat at the hands of the United Front, a loose coalition of former Muslim Leaguers and left-wing reformist elements. This coalition capitalized on East Pakistan's economic distress, its resentment of less populous Western Pakistan's domination of the central government, and its demands that Bengali rank as an official language along with the Urdu of West Pakistan. Subsequent internal disorders under the weak United Front provincial government, together with the threat of provincial separatism inherent in the United Front's victory, induced the Governor-General to oust the United Front and institute an emergency form of direct administration from Karachi. This shift to "Governor's Rule" was firmly and efficiently carried out.

13. In September 1954 a group of disgruntled Muslim League politicians, mostly from East Pakistan, with at least the acquiescence of Prime Minister Mohammed Ali, rammed a bill through the Constituent Assembly to curtail

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the powers of the Governor-General. This "constitutional coup" led a month later to strong counteraction by Ghulam Mohammed who, by another sweeping interpretation of his prerogatives, proclaimed a state of emergency, dismissed the Constituent Assembly, which also functioned as the national legislature, and reshuffled the cabinet.

14. Ghulam Mohammed and his associates are now in direct control of the government. The Governor-General has brought into the cabinet General Mirza, as Minister of Interior, and General Ayub Khan, as Minister of Defense in addition to his position as Commander in Chief of the army. This triumvirate, together with the Minister of Finance, Chaudhri Mohammed Ali, dominates the non-party cabinet which rules without legislative checks or support and is answerable only to the Governor-General. Although Mohammed Ali was retained as Prime Minister, he does not enjoy the full confidence of the ruling triumvirate and his position is precarious. Except for Mohammed Ali, the cabinet contains only minor members of the previously dominant Muslim League. The Governor-General has emphasized its nonpartisan character by bringing in certain representatives of other political parties, most notably H. S. Suhrawardy, a leader of the United Front coalition in the East Pakistan elections; and Dr. Khan Sahib, a respected leader of the "Red Shirts," an anti-Muslim League, non-Communist group among the Pathans of the Northwest Frontier Province.

15. Having finally assumed direct control, the ruling group has attacked its numerous problems with considerable vigor. Although the members of the ruling group were brought up on the British constitutional tradition, they place little faith in the general run of Pakistani politicians, and have become convinced that the country is as yet unprepared for democracy. They are determined to put Pakistan's affairs in better order and are prepared to take firm measures if necessary to do so. They have retained direct Governor's Rule in East Pakistan, but show somewhat more awareness than has been usual in Karachi of the need to give that province

greater benefits from the central government and an increased sense of participation in national affairs. In order to improve administration, to simplify relations between the provincial and central governments, and to improve the position of West versus East Pakistan, the regime is also moving to incorporate West Pakistan — Punjab, Sind, Baluchistan, the Northwest Frontier, and several minor states — into a single province. Finally, it is preparing a constitution which will provide for a strong secular central government which the group regards as essential.

16. *Strengths of the Regime.* The present ruling group enjoys a number of advantages. Its few members are in general agreement on objectives and appear to work reasonably well together. It has firm control of the armed forces, which are fully capable of suppressing overt opposition. The recognition that the regime has this capability and is willing to use it almost certainly acts to deter opposition. The regime also has the backing of the top civil servants and most of the central government bureaucracy. It is supported by certain business and financial leaders and by some of the West Pakistan Muslim Leaguers. It has also had at least temporary success in securing the cooperation of non-Muslim League political elements which might have the power to make trouble if excluded from some voice in the government. It has the backing of some of the leading newspapers of West Pakistan and has effectively prevented the rest of the press from indulging in violent criticism. In general, the clique can count on the sympathy, at least for a time, of a considerable number of Pakistanis who favor an effective and essentially secular government.

17. *Weaknesses of the Regime.* The regime, however, has a number of weaknesses. The core of the ruling clique consists of only three or four men, of whom the principal, the 60-year-old Ghulam Mohammed, is in extremely bad health. Apart from this inner core, cabinet members are comparatively weak or untrustworthy. Moreover, the regime has no political party behind it and does not enjoy mass popular support. It has made numerous enemies both in and out of the Muslim

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League, by its manner of assuming control. It is opposed by many of the political elements in East Pakistan, jealous of West Pakistani domination, as well as by some Sindhis and Pathans in West Pakistan who resent the clique as a symbol of Punjabi control of the central government. The secularist regime is also opposed by influential religious conservatives who advocate a state based on Islamic principles. The ruling clique, in its endeavor to establish a cabinet of broad nonpartisan character, has retained a weak and vacillating prime minister and has brought into the government ambitious and opportunistic individuals who sometimes work at cross purposes. While the members of the ruling clique appear to work reasonably well together, they too have differences of view which might become serious. The entry of Generals Ayub and Mirza into the political field may have stimulated potentially troublesome political ambitions among other members of the officer corps.

18. *The Muslim League.* The Muslim League, under whose aegis Pakistan came into being and which controlled the Government of Pakistan until the emergence of the present regime, has disintegrated into a collection of disunited groups, lacking any agreed program, unifying ideology or integrated hierarchy. Like Pakistan itself, the League suffers badly from provincial antagonisms, religious differences, and the irresponsibility and corruption of leaders. Even the provincial units are split into rival factions. Last year's provincial elections in East Pakistan clearly demonstrated the League's moribund condition in that province. The League is also very weak in West Pakistan and has had difficulty even in holding organizational meetings. The League's victories in western provincial elections have probably been due primarily to its control of the election machinery and to the inability of non-League factions to unite.

19. Some of the leaders of the Muslim League, including its president, Prime Minister Mohammed Ali, support the present ruling group. However, the regime has made no effort to identify itself with the League and is actively opposed by many League elements. The

strongest opposition comes from a group including former Prime Minister Nazimuddin, Fazlur Rahman, and other East Pakistanis, which was behind the efforts in the Constituent Assembly to strip the Governor-General of his powers. Also hostile to the regime are certain West Pakistan League figures who pride themselves on being "Old Leaguers," and feel that the regime has usurped the power they themselves deserve as lieutenants of Jinnah in the original struggle for independence. While personal rivalries account in large part for the friction between the ruling group and these elements, the latter tend to be more conservative than the regime on religious matters, less favorable to close US ties, and opposed to a strong central government.

20. Other political groups are for the most part ineffectively organized in provincial splinter parties of uncertain popular following. The only non-Communist party other than the Muslim League which can claim an all-Pakistan organization is H. S. Suhrawardy's Jinnah Awami Muslim League, which formed part of the United Front coalition in East Pakistan and has considerable strength in parts of West Pakistan. Such other parties as exist are either confined to a single province, such as Fazlul Huq's large Peasants and Workers Party in East Pakistan, or appeal to limited special interest groups or religious sects and have relatively small popular followings.

21. *The Communists.* The Communist Party of Pakistan (CPP) with an estimated strength of only 1,500-3,000, poses little threat to the government. The party was outlawed and many of its leaders jailed in the summer of 1954; some of these leaders have since been released. There is no known effective link between the party organizations in East and West Pakistan, and each is badly factionalized. The CPP in East Pakistan, which achieved a limited penetration of the United Front, is probably under the control of the Communist Party of India. Both wings of the CPP appear chiefly concerned with preserving what organization and morale they have in the face of government repression.

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Their limited capabilities lie mainly in the propaganda field and among students. The party's chief propaganda asset is the fellow-travelling *Pakistan Times*, the largest English language paper in Pakistan, and *Imroze*, its Urdu counterpart. The CPP has had little success in developing front organizations apart from the small AZAD Pakistan Party, led by the owner of the *Pakistan Times*, which had one seat in the Constituent Assembly. One small trade union federation is Communist-dominated.

II. PROBABLE POLITICAL TRENDS

22. The present regime will probably concentrate on three general lines of policy: (a) maintenance of a strong central government; (b) continuation of economic development through austerity measures and heavy reliance upon foreign aid; and (c) maintenance of close relations with the US and the development of further ties with the states of the Middle East.

23. *Stability of the Regime.* We believe that the present ruling group will be able to remain in power at least through 1955 and probably for considerably longer. Having assumed increasingly direct responsibility for the direction of Pakistan's affairs, the Governor-General and his associates will probably continue to rule by fiat at least until they feel that a resumption of more democratic processes will not endanger the accomplishment of their aims. They will continue to dominate the cabinet, and will drop the Prime Minister, Mohammed Ali, or any other member if they consider it desirable. They will probably find means of nullifying the recent judicial finding by the Sind High Court that the dismissal of the Constituent Assembly was illegal, even in the event that this finding is sustained by the Federal Court. The ruling group may promulgate a new constitution in the near future, but it apparently does not plan to hold elections for at least another year, and will be unlikely to do so then unless it feels confident of winning. It will almost certainly retain control of the armed forces and thus be in a position to discourage or, if need be, defeat any attempt to challenge it.

24. Ghulam Mohammed's death or incapacitation, which might come at any time, would substantially reduce the prestige of the regime, and deprive it of its most commanding and politically astute figure. We believe, however, that Mirza and Ayub, who have almost certainly made plans for a successor to the Governor-General, could work together in sufficient harmony to retain control of the government. In carrying out their plans for the succession, they could probably continue to count for a considerable period on the support of most members of the central governmental hierarchy and of at least some of the political elements who now support the regime. Nevertheless, the loss of Ghulam Mohammed would invite new opposition challenges, and would severely test the ability of Mirza and Ayub to keep their political associates in line and their opponents under control.

25. Even if Ghulam Mohammed remains at the helm for a considerable period, the regime will face political difficulties. Although it does not require popular or party support to remain in power, it does need such support for the effective execution of many of its policies. It has, therefore, sought and obtained support from widely disparate political figures and groups, many of whom are competing with each other for political position. With its control of power and patronage, the new regime may be able gradually to develop a fairly strong pro-government party or coalition of parties. This, however, will entail concessions to certain political leaders, and will thus lead to the alienation of other politicians and their followings. These alienated groups, together with some of those elements already in opposition, would constitute a potentially strong opposition. It is not likely that Ghulam Mohammed and his associates can, at least in the next two or three years, develop broad popular support or a dependable body of leaders.

26. Governmental stability in Pakistan is thus likely to remain dependent upon an extremely thin layer of top leadership. Political lines will remain loosely drawn and subject to quick opportunistic changes. The Muslim League

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is not likely to recover as a major political force, but its name will not die quickly, and even if current efforts to revitalize the organization do not succeed, more than one faction will continue to claim the mantle of Jinnah. Outside the governing group, probably the leading aspirant for political power is Suhrawardy, who is ambitious to succeed Mohammed Ali as prime minister, but who is distrusted by Mirza and Ayub. Whether Suhrawardy's Jinnah Awami League could emerge as the nucleus of either a government party or an effective opposition will, of course, depend on the degree of political freedom the regime allows, as well as on Suhrawardy's own fortunes in the cabinet.

27. The longer-term outlook for Pakistan is highly uncertain. In the not unlikely event of Ghulam Mohammed's death in the next two or three years, his successors might rely more overtly on the armed forces. They could probably maintain stability only at the expense of efforts to rebuild a constitutional government and to encourage broad participation and support. Should Mirza and Ayub in turn be eliminated, a many-sided struggle would probably ensue. This might result in the formation of a regime perhaps differing in policies but of the same authoritarian type, or it might lead to a confused situation with a serious deterioration of law and order.

28. *Probable Domestic Policies.* In the meantime, the ruling group is likely to make fairly vigorous efforts to solve the domestic socio-political problems which have plagued Pakistan since its establishment. The promulgation of a constitution will probably provide legal solutions to such problems as the linguistic issue between East and West Pakistan, the relative representation of East and West Pakistan in any central legislature, the form of the central government and its powers vis-a-vis the provinces, and the role of Islamic principles in the political structure. The new constitution will probably provide for: (a) a strong central government with predominant power residing in the executive; (b) secularism at the expense of Islamic conservatism; and (c) greater recognition of the aspirations of East Pakistan. Although the new consti-

tution will probably provide for democratic forms and procedures, it will almost certainly contain emergency and interim provisions which will enable the present ruling group to retain control.

29. The regime will also continue to attack provincialism by administrative measures. If it continues to show awareness of East Pakistan's sensibilities, and succeeds in alleviating that province's economic distress, a major source of disunity can probably be reduced. Actual separatist tendencies are now confined to a fringe of the United Front, and are not likely to emerge as a major threat in the foreseeable future. However, the cleavage between the two areas is so deep-seated that it will be a source of some trouble indefinitely. With respect to West Pakistan, the ruling group's plan to unite the area into a single province may facilitate effective administration, and cut down opportunities for potential dissidents to establish themselves in provincial governments. Unification may also help to diminish cultural, social, and linguistic divergences between the Western provinces, although it will not eliminate them.

30. The government will attempt to deal with other sources of discontent. The increase of governmental efficiency and the elimination of corruption will be uphill tasks, but some progress is possible. In addition the regime is likely to deal firmly with religious challenges to its secular policies, although it will defer to the force of Islam by not moving too far or fast in a secular direction. The regime will also probably continue its long-term policy of improving economic conditions and social services in the Northwest Frontier with a view to encouraging the gradual integration of its five million Pathan tribesmen into settled life.

31. Thus the outlook is for a regime which, with all its defects, will at least for a time provide tolerably effective control of the country. While the ruling group is attempting to improve domestic conditions, its ability to cope successfully with Pakistan's many grave problems will at best be limited. Many of the social and political tensions within the country are deeply rooted within the culture

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and have developed over a long period of time. These tensions cannot be easily or quickly eliminated and will continue for many years to create problems for whatever regime governs Pakistan.

III. ECONOMIC

Present Situation

32. Pakistan faces serious economic problems. It is basically a poor country, with an underdeveloped, undiversified economy producing a GNP of less than \$6 billion — or about \$70 per capita, approximately the same as India's per capita GNP. Eighty-five percent of the large and growing population is engaged in producing food or cash crops, and three-fourths of the national income derives from agriculture — chiefly wheat and cotton in the western areas, and rice and jute in East Pakistan. While Pakistan has in most years enjoyed a precarious self-sufficiency in basic foodstuffs, it is heavily dependent on imports for such key consumer goods as cotton cloth, oils and sugar, and for industrial raw materials as well as capital equipment and other manufactures. Eighty-five percent of Pakistan's export earnings come from jute and cotton, world markets for which have been depressed since the end of the Korean War.

33. Pakistan has not been able to overcome the economic consequences of partition. This partition, based on religious and political rather than economic considerations, disrupted what had been a complementary economic relationship between the present areas of Pakistan and India. Pakistan was left with little more than a good supply of agricultural land, a partially completed irrigation network, a reasonably good though run-down railway system, one good port in Karachi, and a minor share in the sterling assets earned by undivided India during World War II. It inherited few significant mineral resources except chromite, no heavy industry, and only limited light industry. It had for example no jute mills, although East Pakistan produced some eighty percent of the world's jute. Friction with India arising out of partition also encumbered Pakistan with problems of relief and rehabilitation for the more than

six million Moslem refugees from India. This friction led to a harmful trade war with India which deprived Pakistan of greatly needed coal imports and an established market for raw cotton and jute, and has caused Pakistan to allocate a disproportionate share — almost 40 percent — of its budget to defense.

34. Despite these handicaps, Pakistan's economy at first fared relatively well. In most of the first five years after independence, harvests were good. Moreover, early in 1951 the Indo-Pakistan trade war tapered off. Most important of all, Western stockpiling during the Korean War provided a booming market for Pakistan's jute, cotton, and wool, enabling it to build up its foreign exchange holdings from \$294 million in 1949 to a record \$445 million at the end of 1951. These successes encouraged the government to press ahead with an ambitious development program, involving an outlay of some \$433 million in the three year period ending in 1954, or about one-sixth of total government expenditures in that period. This program called for initiation of a number of agricultural projects, a build-up of manufacturing capacity, particularly in cotton cloth and other light consumer goods, the expansion of power facilities, and a reorganization of the transportation system. The program was still in its early stages when the Korean War ended.

35. The close of the Korean War created severe strains in Pakistan's economy. World jute and cotton prices declined sharply in 1952. Although the government finally resorted to stringent curbs on imports, foreign exchange holdings fell by about 60 percent over the next two years. Curtailment of imports, in turn, led to a slowdown of the development program, brought shortages of raw materials and parts needed for Pakistan's cottage and light factory industries, and intensified the chronic problem of unemployment and underemployment. Most important of all, it resulted in grave inflationary trends in most consumer goods prices, which has had a serious impact on the articulate urban groups. These difficulties were compounded by severe drought in 1952 and 1953, and by devastating floods in 1954.

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36. In coping with this situation, Pakistan has been forced to rely heavily on foreign assistance, about 95 percent of which has come from the US.¹ The Government turned to the US, Australia, and Canada for help in obtaining wheat following the droughts of 1952 and 1953. (Wheat was also obtained from the USSR under a barter agreement of September 1952.) In late 1954, Pakistan's severe economic crisis was partially alleviated by a marked increase in US aid allocations. Had it not been for this aid, Pakistan would almost certainly have had to curtail its economic development program and possibly further reduce its military expenditures in order to avoid more serious popular discontent. Despite the improved economic situation resulting from US aid, shortages of certain materials, particularly consumer goods, still exist.

Probable Developments

37. Presently programmed outside assistance will probably prevent a recurrence during the next year or so of the desperate situation which existed in late 1954. However, Pakistan will almost certainly require substantial outside assistance for several additional years if it is to develop a stronger economic base

¹ Approximate US assistance (exclusive of direct military support) extended or programmed for Pakistan is as follows:

Economic and technical assistance, 1952-1954:	\$44 million
Export-Import Bank wheat loan, 1952:	15 million
Emergency wheat grant, 1953:	83 million
TOTAL:	\$142 million
<hr/> Programmed for fiscal 1955	
Economic assistance: (allocated under defense support chapter of Mutual Security Act); composed of:	\$60 million
emergency commodity procurement:	\$40 million
defense support projects:	20 million
Technical assistance:	5 million
Surplus agricultural:	40 million
Emergency flood aid:	5 million
TOTAL:	\$110 million

while obtaining its essential requirements of industrial raw materials and consumer goods. For several years at least, even the present standard of living of Pakistan's growing population probably cannot be maintained without outside assistance.

38. If Pakistan can settle the canal waters dispute with India, and is able to complete irrigation projects now under way, it has fairly good prospects of increasing agricultural production sufficiently in the next few years to keep up with the subsistence requirements of a population growing at the rate of more than one million annually. It may even be able to increase somewhat its exports of jute and possibly other crops. In addition, given substantial foreign aid, Pakistan might within several years develop adequate power resources, achieve self-sufficiency in the important field of cotton textiles, and possibly build up other light industries, such as jute manufacture, which would somewhat improve its foreign trade position.

39. At best, however, Pakistan will probably be unable to do much more than keep its head above water economically. Substantial economic progress would probably require a more rapid rate of development than the country can now achieve with its deficiencies in technical, administrative, and managerial skills, its low rate of savings, and the scarcity of natural resources. Although the present subsistence levels of the bulk of the population may be raised slightly, a significantly higher standard of living almost certainly will not be achieved for many years. Moreover, Pakistan's economic health will continue to be jeopardized by recurrent floods and droughts and by fluctuations in the world market for jute and cotton, even though its present extreme dependence upon these two products for export earnings may be somewhat lessened.

40. Therefore, barring extraordinary improvements in its foreign trade position such as occurred during the Korean War, Pakistan is likely for a number of years to be a recurrent petitioner for emergency and other economic aid. While its need for external aid in consumer goods and raw materials may de-

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crease, development and defense needs will continue to present conflicting demands on domestic resources and foreign aid. Cessation of US aid, at least during the next few years, would necessitate substantial readjustments of Pakistan's economic policy, probably including reduction in development and defense expenditures.

IV. FOREIGN AFFAIRS

41. *Present International Position.* Pakistan's present regime is strongly pro-Western and anti-Communist in outlook, and during the past two years it has cultivated increasingly close ties with the US. This open alignment with the US stems less from ideological motives than from Pakistan's urgent need for assistance in meeting its economic problems and from its desire for US military and diplomatic support to strengthen its position against a much stronger India. Pakistan also probably sees in such an alignment opportunities to strengthen its prestige and influence in the Middle East and South Asia. It has cooperated with such geographically separated US efforts as Middle East defense, through the Turkish-Pakistani agreement, and resistance to Communist aggression in Southeast Asia, through the Manila Pact. It has also continued to take an active part in Commonwealth affairs, though UK and Commonwealth influence has declined somewhat with the development of Pakistani ties with the US. Pakistan maintains formal though distant relations with the USSR and Communist China.

42. Despite certain differences of view, Pakistan will almost certainly continue its generally pro-Western policy and its close ties with the US, at least as long as the present regime remains in power. Its reliance on US military and economic aid will continue to make it receptive to US counsel on economic and military matters, though it may not be willing or able to follow through in all respects. The regime's responsiveness to US influence will be affected to some extent by how much aid it stands to receive, and there will probably be differences between Pakistan and the US with respect to the quantity and duration of such aid. However, only a drastic re-

duction in both economic and military assistance would be likely seriously to undermine its alignment.

43. Such other differences between Pakistan and the US as may arise will probably be over questions like the extent to which the US supports Pakistan in its disputes with India, colonialism in Asia and Africa, racialism in South Africa, or the Arab-Israeli dispute, which involve either real conviction on the part of the leaders, their desire to avoid isolation from other Asian and Islamic states, or their need to demonstrate their independence of the US on matters about which the public is sensitive. However, in forums like the UN or the forthcoming Afro-Asian conference, Pakistan will probably oppose moves which are clearly anti-Western. In doing so, however, it will be careful to avoid isolating itself from the other Asian or Moslem states, or unduly exposing itself to charges that it is merely a satellite of the US.

44. Under its present leaders, Pakistan will almost certainly favor expanding Middle East defense arrangements. In doing so, however, it will be motivated more by hopes of insuring continued US aid, cultivating prestige in the Islamic world, and strengthening itself against India than by belief in the possibility of developing an effective defense coalition among Middle Eastern states. Pakistan is not likely, therefore, to favor much more than consultation and planning arrangements. Pakistan probably views the Manila Pact in much the same way as the Turkish-Pakistani agreement. It will be willing to honor its commitment to consult with other Manila Pact signatories in the event of threatened aggression against a member, and, in the event the Pact were invoked to deal with a limited conflict in the region, it would probably be willing to make at least a token contribution. It is not likely, however, to commit sizable forces outside Pakistani territory to either Middle East or Southeast Asia defense until its armed forces are greatly strengthened, its economy improved, and its fear of India greatly diminished. In the event of general war, Pakistan's present leadership would recognize that its interests and obligations lay with the West

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but, unless Pakistan was itself directly threatened, it would probably seek specific Western support and protection before abandoning nonbelligerence.

45. *Relations with India.* Pakistani-Indian relations have been marked by serious controversy over Kashmir, refugee properties, India's control of the headwaters on which certain of Pakistan's irrigation canals in the Punjab depend, and more recently by Indian concern over Pakistan's developing ties with the US. At present, however, tensions are less serious than during several periods in the past. So long as the present regime is in power, relations with India are unlikely to worsen critically. The two nations will probably continue to iron out minor irritants in the fields of railway travel, trade, and border crossings. Prospects for an eventual settlement of the canal dispute are reasonably good. Pakistan is also anxious to resolve the Kashmir dispute on some terms more favorable to it than the present status quo. While its efforts to do so will probably not succeed in the foreseeable future, the present regime is highly unlikely to risk serious trouble with India over Kashmir.

46. Even if there should be a settlement of the canal waters dispute and some abatement of tensions over Kashmir, relations between Pakistan and India will continue for some time to be marred by mutual fears, bitterness and mistrust inherited from the past. Some elements on both sides will remain ready to stir up differences for political reasons. Moreover, the conflict between Nehru's strong desire to see the subcontinent remain neutralist and Pakistan's alignment with the US will almost certainly be a continuing irritant, particularly as Pakistan's US ties result in increasing its military strength.

47. *Relations with Afghanistan.* Pakistani-Afghan relations are likely to remain clouded so long as Afghanistan keeps up its campaign for an autonomous political unit, Pushtunistan, for the Pathan tribesmen of the Northwest Frontier Province. Pakistan will almost certainly continue to refuse this demand, and, if Afghanistan persists, may feel compelled to take a stiffer attitude toward Kabul. In addition,

Pakistan's continuing efforts to integrate the tribesmen into settled life, as well as the forthcoming consolidation of West Pakistan into a single province will almost certainly create further irritation in Afghanistan. However, relations are unlikely to deteriorate seriously.²

48. *Longer-Term Prospects.* So long as the present regime or a basically similar successor remains in power, there is unlikely to be any marked change in Pakistan's foreign policy. Even if successor governments are less pro-US than the present regime, they will probably find it expedient to maintain Pakistan's basically pro-Western alignment in order to ensure the continuance of US economic and military assistance. However, if the present ruling group were to lose effective control, and were not succeeded by a reasonably strong regime, there would be a good chance of Pakistan's present pro-US alignment being weakened, and possibly of a serious internal disorganization. In the latter case, India might conceivably intervene.

V. MILITARY

49. Despite its economic weaknesses, Pakistan has made strenuous efforts to build up its armed forces, primarily for defense against India and secondarily for securing the Afghan frontier and preserving internal security. Defense outlays during 1954-1955 total about 37 percent of the federal budget and 72 percent of ordinary revenues. Pakistan's army consists of about 148,000 men organized into eight infantry divisions, one armored brigade, one separate infantry brigade and one AA brigade. All these units, except the armored brigade, are understrength and lack heavy weapons and equipment as well as essential organic service and support elements. The army is supplemented by and controls 20 Azad Kashmir battalions totalling about 20,000 men, raised and stationed in Pakistani-controlled Kashmir; it is further supported by the quasi-military Security Forces, totalling 48,000 men, which are officered at higher command levels by army personnel. A little

² See NIE 53-54, "The Outlook for Afghanistan," 19 October 1954.

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more than half of the Security Forces would be combat-effective in an emergency. Most of the army and all the Azad Kashmir units are disposed in the northern part of West Pakistan near the Indian and Kashmir borders, and in Kashmir along the cease-fire line. A few army units and most of the Security Forces are located along the Pakistan-Afghanistan border to maintain internal security in the tribal areas and to guard against tribal incursions from Afghanistan. The organized ground defenses of East Pakistan are extremely weak, consisting of one understrength army division and a few Security Forces units.

50. Pakistan's navy and air force are secondary to the army in importance and influence within the government. The Royal Pakistan Navy, with a personnel strength of about 6,500, has four destroyers and some twelve patrol and mine vessels. It is primarily concerned with the defense of Karachi, Pakistan's principal port and naval base. The 13,000 man Royal Pakistan Air Force has a total of 366 aircraft, including 29 jet fighters, but only 200 of these aircraft, principally fighters and fighter bombers, are assigned to units. Pakistan has numerous airfields, mostly built prior to 1947 by the US and UK, many of which are easily improvable to accommodate sustained operations by medium and heavy bombers.

51. Pakistan's armed forces, which are outgrowths of the military establishment of former British India, have good leadership and training standards and excellent discipline and morale. All personnel (except doctors) are volunteers, many coming from families in which military service is traditional. The officer corps is loyal to the regime, which in turn is desirous of improving the quality and well-being of the armed forces. The present effectiveness of all services, however, is seriously limited by obsolescent and inadequate materiel, most of it of British World War II vintage; complete dependence on foreign sources for nearly all munitions and POL; a dearth of technicians; low literacy rate of the population; and extraordinary defense and communications problems posed by

the country's separation into eastern and western wings divided by India.

52. With these handicaps, Pakistan's present military capabilities are limited. The armed forces can almost certainly maintain internal security. In an all-out fight with India, however, assuming neither side received outside support, Pakistan would probably be defeated, owing to India's overwhelming numerical superiority and superior logistical capabilities. Without substantial outside assistance, Pakistan's resistance against a full-scale Soviet attack through Iran or Afghanistan would degenerate rapidly into limited guerrilla action.

53. Significant improvement in Pakistan's military capabilities would require a long-sustained and costly effort. Progress in all services would be limited by such factors as lack of technological skills and supporting facilities and by consequent inability to absorb and maintain substantial amounts of modern equipment. Since Pakistan is barely able to meet its present military budgets, significant progress in the military field would probably require continuing US budgetary support as well as equipment and training assistance. Even after the re-equipping of Pakistan forces had been completed, fairly sizable maintenance and replacement costs would continue. Thus over the long run, the program to develop the armed forces would also be dependent on the success of the economic development program.

54. Pakistan is now beginning to receive US military assistance under an MDAP Agreement signed on 17 May 1954. It is estimated that the present MDA program for the Pakistan army will take five years or more to complete; the time required for the navy and air force programs is not yet known. Completion of these programs will render Pakistan capable of putting up a fairly strong defense of its own territory, though its armed forces will still be heavily dependent on foreign sources for materiel and POL. Pakistan would not be in a position to provide more than token forces for use outside Pakistan territory unless its present military establishment were expanded. Such an expansion

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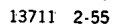
would necessitate substantial increases in both the duration and scale of the present MDA program. Moreover, even if additional forces were created, Pakistan would probably insist on some form of guarantee against Indian attack before it would make them available for use outside Pakistan.

55. The British are sensitive about the US military aid program in Pakistan. They wish to preserve their historic military position in the Middle East and are anxious to be included in any planning regarding Pakistan. Moreover, for both financial and prestige reasons, they wish to retain their old position as the principal source of military equipment for Pakistan and they accordingly advocate that the military end-items of the MDA program be obtained from British sources through off-shore procurement.

56. Pakistan is also of potential military value to the West because of its air bases. In addition,

the port of Karachi offers a good naval base for the protection of the Persian Gulf approaches. We believe that the present leadership would be favorably inclined toward US peacetime development of air bases for US use, if only for the added protection against India and the claims on increased US assistance which it would give them. However actual agreement to such development, and the extent of the rights which Pakistan would give the US for use of bases, in peace or in war, might depend on a number of factors including: (a) the current state of Pakistan-India relations, including Pakistan's willingness to encounter strong adverse Indian reactions; (b) the current state of political opinion in the country; (c) the government's assessment of both the existing Soviet threat to its own territory and the probable Soviet reaction to a US facilities agreement; and (d) the extent of US aid and guarantees Pakistan might expect to receive.

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